

Washington - During Wednesday's House Committee on Transportation and Infrastructure, U.S. Rep. Rush Holt (NJ-12) testified on the need for Congress to pass his Big Oil Bailout Prevention Act to ensure that BP and other oil companies are held accountable for paying economic damages resulting from spills. While the responsible party in an oil spill currently must pay for all clean-up costs, there is a \$75 million cap on its liability for economic damages, including lost business revenues from fishing and tourism, natural resources damages, or lost local tax revenues. The bill would raise significantly the liability cap and make it retroactive to apply to BP. Holt urged the Committee to move the bill to the House floor.

Holt's testimony is below. Video can be found [here](#) :

Thank you, Chairman Oberstar, Ranking Member Mica and Members of the Committee. I appreciate the opportunity to testify about oil spill liability.

As we speak, oil continues to gush into the Gulf at an unprecedented rate. We can watch it instantaneously anytime of the day or night. The environmental effects are already evident along hundreds of miles of coastline from Louisiana to Florida and despite a variety of efforts – top hat, top kill, junk shot, the recent modified top hat or sombrero – we're still not containing the leak. There are signs that the spill will not be stopped any time soon.

Our concern must be simultaneously stopping the leak, limiting the damage to natural resources of the Gulf states, and addressing the loss of people's jobs and the dislocations resulting from the incident. This goes beyond the important questions of just liability that you're considering today. I will restrict myself to the liability.

Since the catastrophe began, we've all been concerned about the long-term economic livelihood of the 200,000 people employed by Gulf Coast fishing, the 2.8 million people employed in Florida in the tourism industry, and all Americans who rely on the Gulf of Mexico for economic livelihood.

BP should be liable for every last cent of the natural resource and economic damage it caused - not the small business owner, not the restaurateur, not the vacation home renter, not the

fishermen, not the American taxpayer.

Revisiting the liability issue is long overdue. As the Chairman said, it's been two decades since the Oil Pollution Act was enacted in response to the Exxon Valdez spill. Under this Act, oil companies are required to cover the full costs of "removal." However the law set a \$75 million cap for liability for other losses, such as economic losses, and the cost of providing extra public services for the response. For a catastrophe of the magnitude that we see now, \$75 million is laughable.

Initially, BP said it would cover "all necessary and appropriate clean-up costs." More recently it said it would pay for all "legitimate claims" – including those above \$75 million. If you look at the last decade of BP's operations in the U.S. you see a decade of BP's management repeatedly disregarding safety and environmental rules in ways that are deadly and dangerous— the current spill in the Gulf, the explosion at the Texas City refinery in 2005 that resulted in the deaths of 15 people and injuries to more than 150, the four explosions along the Alaska pipeline due to corrosion in 2008 and 2009, the 200,000 gallon spill in Prudhoe Bay pipeline in 2006, and the falsification of compliance reports in the Carson Refinery in California over a period of years. Why should the American people trust BP? And history shows that mild sanctions and lower liability limits do not provide adequate care, prudence, and preparation.

It's fair to ask if BP's word is enough. It's nice that BP says it will cover claims over the legal limit of \$75 million. It sounds good but it doesn't satisfy me and it shouldn't satisfy you. I don't think it should satisfy any member of Congress. I disagree with the Administration that BP's word is sufficient. The liability cap needs to be raised to ensure BP is legally responsible and it needs to be raised retroactively. The law allows that.

Therefore, I've introduced the Big Oil Bailout Prevention Act, which would raise the liability cap for offshore well spills from \$75 million to \$10 billion. Those provisions would be made retroactive as permitted by environmental law precedent, so that the Deepwater Horizon incident would be covered under the bill.

The bill has nearly 70 cosponsors including a dozen members of this Committee.

I'm glad that the Transportation and Infrastructure Committee is holding this hearing today and

I'm sure that other members and witnesses who are testifying today will help us figure out what is the proper level of liability. If \$10 billion is too low, then we should set it at a level that will ensure that those responsible are fully liable and the people affected do not have to spend the rest of their lives fighting with BP and other companies in court. Limits should be set, not by the size of the company, for example, so as not to disadvantage smaller companies, rather limits should be set by the possible expense of harm, injury, and damage.

The Deepwater Horizon is the most catastrophic spill that we've experienced. In a fair and just world, companies like BP—which made over \$16.9 billion last year—should pay for every cent of the mess it made, not taxpayers. Our bill is clear: the buck stops with the oil companies; it shouldn't spill over to taxpayers.

The American people clearly want to see Congress holding BP accountable, and it is fair for them to ask why Congress, nearly seven weeks later, is only now getting around to acting. I urge the Committee to act quickly to reassure the American people that we will hold BP accountable and bring the Big Oil Bailout Prevention Act to the Floor of the House expeditiously. I thank you for the opportunity to testify and look forward to working with you on this legislation.

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